

AMENDED FILING COVER SHEET

Amended File Title	Amended Explanation
Jurat Page	Signatures for amended pages
Assets	Amended due to adjustments resulting from independent audit
Liabilities, Capital and Surplus	Amended due to adjustments resulting from independent audit
Statement of Revenue and Expenses	Amended due to adjustments resulting from independent audit
Statement of Revenue and Expenses (continued)	Amended due to adjustments resulting from independent audit
Cash Flow	Amended due to adjustments resulting from independent audit
Analysis of Operations by Lines of Business (Gain and Lo	Amended due to changes to Statement of Revenue & Expenses
Underwriting and Investment Exhibit - Part 2C - Dental	Amended due to changes to Liabilities,Capital and Surplus and Statement of Revenue & Expenses
Underwriting and Investment Exhibit - Part 2C - Total	Amended due to changes in Liabilities, Capital and Surplus and Statement of Revenue & Expenses
Underwriting and Investment Exhibit - Part 2D	Moved amounts reported on original filing on Page 3, line 8 to Page 3, line 4. Original filing was filed for page 3 in
Underwriting and Investment Exhibit - Part 3	Amended due to changes in Liabilities, Capital and Surplus and Statement of Revenue & Expenses
Exhibit 1 - Analysis of Nonadmitted Assets and Related I	Amended due to changes in Assets page
Exhibit 7 - Amounmts Due to Parent, Subsidiaries and Aff	Amended due to changes in Liabilities, Capital and Surplus
Notes to Financial Statements - Page 25	No changes
Notes to Financial Statements - Page 25.1	Amended due to changes in Assets - deferred income tax after audit adjustments
Notes to Financial Statements - Page 25.2	Amended due to changes in Assets - income taxes after audit adjustments
Notes to Financial Statements - Page 25.3	Amended due to matching of notes to audited financial statements note - Footnote 13(c).
Notes to Financial Statements - Page 25.4	Amended due to original filing following 2003 instructions and not 2002. Correction made on this filing.
General Interrogatories - Part 1 - Common Interrogatorie	No change
Genearl Interrogatories (continued)	Change in officer title - item #9
General Interrogatories (continued) Investment	Change in answer to question #22 and inclusion of applicable data in item 22.01
General Interrogatories (continued) Investment	No change
Five-Year Historical Data	Amended due to adjustments resutlting from independent audit
Five-Year Historical Data (continued)	No change
Schedule S - Part 6	Amended due to adjustments resulting from independent audit



11559200220100100

HEALTH ANNUAL STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2002
OF THE CONDITION AND AFFAIRS OF THE
American Dental Providers of Arkansas, Inc.

NAIC Group Code 1219 0000 NAIC Company Code 11559 Employer's ID Number 58-2302163
(Current Period) (Prior Period)

Organized under the Laws of Arkansas, State of Domicile or Port of Entry Arkansas

Country of Domicile United States of America

Licensed as business type: Life, Accident & Health ☐ Property/Casualty ☐ Hospital, Medical & Dental Service or Indemnity ☐
Dental Service Corporation ☐ Vision Service Corporation ☐ Health Maintenance Organization ☒
Other ☐ Is HMO Federally Qualified? YES ☐ NO ☒

Date Incorporated or Organized: January 29, 1997 Date Commenced Business: March 20, 1997

Statutory Home Office: 11300 Executive Center Drive Suite B Little Rock, AR 72211

Main Administrative Office: 100 Mansell Court East Suite 400 Roswell, GA 30076 770-998-8936

Mail Address: 100 Mansell Court East Suite 400 Roswell, GA 30076

Primary Location of Books and Records: 100 Mansell Court East Suite 400 Roswell, GA 30076 770-998-8936

Internet Website Address: www.compbenefits.com

Statement Contact: Stephanie Lyn Endres 770-998-8936 8408
sendres@compbenefits.com 770-518-8102
(E-Mail Address) (Fax Number)

Policyowner Relations Contact: 100 Mansell Court East Suite 400 Roswell, GA 30076 770-998-8936

OFFICERS

President Phyllis Adele Klock

Secretary Bruce Alexander Mitchell

Treasurer #George William Dunaway

Actuary Alan Stewart

Vice-Presidents

DIRECTORS OR TRUSTEES

<u>David Ray Klock</u>	<u>Phyllis Adele Klock</u>	<u>Bruce Alexander Mitchell</u>	<u>#George William Dunaway</u>

State of Georgia
County of Fulton ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

<u>(Signature)</u>	<u>(Signature)</u>	<u>(Signature)</u>
<u>Phyllis Adele Klock</u>	<u>Bruce Alexander Mitchell</u>	<u>George William Dunaway</u>
<u>(Printed Name)</u>	<u>(Printed Name)</u>	<u>(Printed Name)</u>
<u>President</u>	<u>Secretary</u>	<u>Treasurer</u>

Subscribed and sworn to before me this 30th day of May, 2003

a. Is this an original filing? YES ☐ NO ☒

b. If no: 1. State the amendment number 1
2. Date filed 05/30/2003
3. Number of pages attached 25

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets	Net Admitted Assets
1. Bonds	105,177		105,177	104,978
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate:				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 0 encumbrances)			(a)	
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 100,001 , Schedule E-Part 1) and short-term investments (\$ 0 , Schedule DA-Part 2)	100,001		100,001	93,315
6. Other long-term invested assets				
7. Receivable for securities				
8. Aggregate write-ins for invested assets				
9. Subtotal cash and invested assets (Lines 1 to 8)	205,178		205,178	198,293
10. Accident and health premiums due and unpaid	20,703	5,758	14,945	42,446
11. Health care receivables				
12. Amounts recoverable from reinsurers				
13. Net adjustment in assets and liabilities due to foreign exchange rates				
14. Investment income due and accrued	1,050		1,050	1,163
15. Amounts due from parent, subsidiaries and affiliates				
16. Amounts receivable relating to uninsured accident and health plans				
17. Furniture and equipment				
18. Amounts due from agents				
19. Federal and foreign income tax recoverable and interest thereon (including \$ 3,842 net deferred tax asset)	5,767	1,925	3,842	1,908
20. Electronic data processing equipment and software				
21. Other nonadmitted assets				
22. Aggregate write-ins for other than invested assets	1,200	1,200		
23. Total assets (Lines 9 plus 10 through 22)	233,898	8,883	225,015	243,810
DETAILS OF WRITE-INS				
0801.				
0802.				
0803.				
0898. Summary of remaining write-ins for Line 8 from overflow page				
0899. Totals (Lines 0801 through 0803 plus 0898) (Line 8 above)				
2201. Rent Deposit	1,200	1,200		
2202.				
2203.				
2298. Summary of remaining write-ins for Line 22 from overflow page				
2299. Totals (Lines 2201 through 2203 plus 2298) (Line 22 above)	1,200	1,200		

(a) \$ 0 health care delivery assets included in Line 4.1, Column 3.

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ 0 reinsurance ceded)	2,963		2,963	4,246
2. Accrued medical incentive pool and bonus payments	1,194		1,194	204
3. Unpaid claims adjustment expenses				
4. Aggregate policy reserves	34,582		34,582	28,828
5. Aggregate claim reserves				
6. Premiums received in advance				
7. General expenses due or accrued	11,913		11,913	16,146
8. Federal and foreign income tax payable and interest thereon (including \$ 0 on realized capital gains (losses))(including \$ 0 net deferred tax liability)				
9. Amounts withheld or retained for the account of others				
10. Borrowed money (including \$ 0 current) and interest thereon \$ 0 (including \$ 0 current)				
11. Amounts due to parent, subsidiaries and affiliates	21,480		21,480	31,331
12. Payable for securities				
13. Funds held under reinsurance treaties with (\$ 0 authorized reinsurers and \$ 0 unauthorized reinsurers)				
14. Reinsurance in unauthorized companies				
15. Net adjustments in assets and liabilities due to foreign exchange rates				
16. Liability for amounts held under uninsured accident and health plans				
17. Aggregate write-ins for other liabilities (including \$ 700 current)	1,078		1,078	3,728
18. Total liabilities (Lines 1 to 17)	73,210		73,210	84,483
19. Common capital stock	X X X	X X X	100,000	10
20. Preferred capital stock	X X X	X X X		
21. Gross paid in and contributed surplus	X X X	X X X	2,607,976	2,707,966
22. Surplus notes	X X X	X X X		
23. Aggregate write-ins for other than special surplus funds	X X X	X X X		
24. Unassigned funds (surplus)	X X X	X X X	(2,556,171)	(2,548,649)
25. Less treasury stock, at cost:				
25.1 0 shares common (value included in Line 19 \$ 0)	X X X	X X X		
25.2 0 shares preferred (value included in Line 20 \$ 0)	X X X	X X X		
26. Total capital and surplus (Lines 19 to 25)	X X X	X X X	151,805	159,327
27. Total liabilities, capital and surplus (Lines 18 and 26)	X X X	X X X	225,015	243,810
DETAILS OF WRITE-INS				
1701. Unearned Enrollment Fees	700		700	1,575
1702. Outstanding Checks Payable	378		378	2,153
1703.				
1798. Summary of remaining write-ins for Line 17 from overflow page				
1799. Totals (Lines 1701 through 1703 plus 1798) (Line 17 above)	1,078		1,078	3,728
2301.	X X X	X X X		
2302.	X X X	X X X		
2303.	X X X	X X X		
2398. Summary of remaining write-ins for Line 23 from overflow page	X X X	X X X		
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1	2	3
	Uncovered	Total	Total
1. Member Months	X X X	110,066	132,346
2. Net premium income	X X X	935,529	1,085,803
3. Change in unearned premium reserves and reserve for rate credits	X X X	(5,754)	(12,891)
4. Fee-for-service (net of \$ 0 medical expenses)	X X X		
5. Risk revenue	X X X		
6. Aggregate write-ins for other health care related revenues	X X X		
7. Total revenues (Lines 2 to 6)	X X X	929,775	1,072,912
Medical and Hospital:			
8. Hospital/medical benefits			
9. Other professional services		446,932	544,614
10. Outside referrals			
11. Emergency room and out-of-area		1,333	1,327
12. Prescription Drugs			
13. Aggregate write-ins for other medical and hospital			
14. Incentive pool and withhold adjustments		295,048	145,774
15. Subtotal (Lines 8 to 14)		743,313	691,715
Less:			
16. Net reinsurance recoveries			
17. Total medical and hospital (Lines 15 minus 16)		743,313	691,715
18. Claims adjustment expenses			
19. General administrative expenses		262,080	305,510
20. Increase in reserves for accident and health contracts			
21. Total underwriting deductions (Lines 17 through 20)		1,005,393	997,225
22. Net underwriting gain or (loss) (Lines 7 minus 21)	X X X	(75,618)	75,687
23. Net investment income earned		4,321	7,022
24. Net realized capital gains or (losses)			
25. Net investment gains or (losses) (Lines 23 plus 24)		4,321	7,022
26. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ 0) (amount charged off \$ 0)]			
27. Aggregate write-ins for other income or expenses		29,480	36,428
28. Net income or (loss) before federal income taxes (Lines 22 plus 25 plus 26 plus 27)		(41,817)	119,137
29. Federal and foreign income taxes incurred	X X X	(13,899)	41,611
30. Net income (loss)(Lines 28 minus 29)	X X X	(27,918)	77,526
DETAILS OF WRITE-INS			
0601.	X X X		
0602.	X X X		
0603.	X X X		
0698. Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X		
1301.			
1302.			
1303.			
1398. Summary of remaining write-ins for Line 13 from overflow page			
1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above)			
2701. Administrative Income		29,480	36,428
2702.			
2703.			
2798. Summary of remaining write-ins for Line 27 from overflow page			
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)		29,480	36,428

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1	2
	Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT		
31. Capital and surplus prior reporting year	159,327	538,673
GAINS AND LOSSES TO CAPITAL & SURPLUS		
32. Net income or (loss) from Line 30	(27,918)	77,526
33. Change in valuation basis of aggregate policy and claim reserves		
34. Net unrealized capital gains and losses		
35. Change in net unrealized foreign exchange capital gain or (loss)		
36. Change in net deferred income tax	1,426	(1,391)
37. Change in nonadmitted assets	18,970	(7,174)
38. Change in unauthorized reinsurance		
39. Change in treasury stock		
40. Change in surplus notes		
41. Cumulative effect of changes in accounting principles		5,732
42. Capital Changes:		
42.1 Paid in	99,990	
42.2 Transferred from surplus (Stock Dividend)		
42.3 Transferred to surplus		
43. Surplus adjustments:		
43.1 Paid in	(99,990)	
43.2 Transferred to capital (Stock Dividend)		
43.3 Transferred from capital		
44. Dividends to stockholders		(454,039)
45. Aggregate write-ins for gains or (losses) in surplus		
46. Net change in capital and surplus (Lines 32 to 45)	(7,522)	(379,346)
47. Capital and surplus end of reporting year (Line 31 plus 46)	151,805	159,327
DETAILS OF WRITE-INS		
4501.		
4502.		
4503.		
4598. Summary of remaining write-ins for Line 45 from overflow page		
4599. Totals (Lines 4501 through 4503 plus 4598) (Line 45 above)		

CASH FLOW

Cash from Operations	1 Current Year	2 Prior Year
1. Premiums and revenues collected net of reinsurance	981,492	1,131,166
2. Claims and claims adjustment expenses	743,606	694,084
3. General administrative expenses paid	266,313	301,042
4. Other underwriting income (expenses)		
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	(28,427)	136,040
6. Net investment income	4,514	6,957
7. Other income (expenses)	29,480	36,428
8. Federal and foreign income taxes (paid) recovered	13,899	(41,611)
9. Net cash from operations (Lines 5 to 8)	19,466	137,814
Cash from Investments		
10. Proceeds from investments sold, matured or repaid:		
10.1 Bonds	105,000	
10.2 Stocks		
10.3 Mortgage loans		
10.4 Real estate		
10.5 Other invested assets		
10.6 Net gains or (losses) on cash and short-term investments		
10.7 Miscellaneous proceeds		
10.8 Total investment proceeds (Lines 10.1 to 10.7)	105,000	
11. Cost of investments acquired (long-term only):		
11.1 Bonds	105,279	
11.2 Stocks		
11.3 Mortgage loans		
11.4 Real estate		
11.5 Other invested assets		
11.6 Miscellaneous applications		
11.7 Total investments acquired (Lines 11.1 to 11.6)	105,279	
12. Net cash from investments (Line 10.8 minus Line 11.7)	(279)	
Cash from Financing and Miscellaneous Sources		
13. Cash provided:		
13.1 Surplus notes, capital and surplus paid in		
13.2 Net transfers from affiliates		31,331
13.3 Borrowed funds received		
13.4 Other cash provided		3,586
13.5 Total (Lines 13.1 to 13.4)		34,917
14. Cash applied:		
14.1 Dividends to stockholder paid		454,039
14.2 Net transfers to affiliates	9,851	
14.3 Borrowed funds repaid		
14.4 Other applications	2,650	
14.5 Total (Lines 14.1 to 14.4)	12,501	454,039
15. Net cash from financing and miscellaneous sources (Line 13.5 minus Line 14.5)	(12,501)	(419,122)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
16. Net change in cash and short-term investments (Line 9 plus Line 12 plus Line 15)	6,686	(281,308)
17. Cash and short-term investments:		
17.1 Beginning of year	93,315	374,623
17.2 End of year (Line 16 plus Line 17.1)	100,001	93,315

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS (Gain and Loss Exhibit)

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medical Only	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-term Care	Other
1. Net premium income	935,529				935,529								
2. Change in unearned premium reserves and reserve for rate credit	(5,754)				(5,754)								
3. Fee-for-service (net of \$ 0 medical expenses)													
4. Risk revenue													
5. Aggregate write-ins for other health care related revenues													
6. Total revenues (Lines 1 to 5)	929,775				929,775								
7. Medical/hospital benefits													
8. Other professional services	446,932				446,932								
9. Outside referrals													
10. Emergency room and out-of-area	1,333				1,333								
11. Prescription Drugs													
12. Aggregate write-ins for other medical and hospital													
13. Incentive pool and withhold adjustments	295,048				295,048								
14. Subtotal (Lines 7 to 13)	743,313				743,313								
15. Net reinsurance recoveries													
16. Total medical and hospital (Lines 14 minus 15)	743,313				743,313								
17. Claims adjustment expenses													
18. General administrative expenses	262,080				262,080								
19. Increase in reserves for accident and health contracts													
20. Total underwriting deductions (Lines 16 to 19)	1,005,393				1,005,393								
21. Net underwriting gain or (loss) (Line 6 minus Line 20)	(75,618)				(75,618)								
DETAILS OF WRITE-INS													
0501.													
0502.													
0503.													
0598. Summary of remaining write-ins for Line 5 from overflow page													
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)													
1201.													
1202.													
1203.													
1298. Summary of remaining write-ins for Line 12 from overflow page													
1299. Totals (Lines 1201 through 1203 plus 1298) (Line 12 above)													

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS

(000 Omitted)

Hospital & Medical

Section A - Paid Claims

Year in Which Losses Were Incurred	Net Amounts Paid				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior					
2. 1998					
3. 1999	X X X				
4. 2000	X X X	X X X			
5. 2001	X X X	X X X	X X X		
6. 2002	X X X	X X X	X X X	X X X	

Section B - Incurred Claims

Year in Which Losses Were Incurred	Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior					
2. 1998					
3. 1999	X X X				
4. 2000	X X X	X X X			
5. 2001	X X X	X X X	X X X		
6. 2002	X X X	X X X	X X X	X X X	

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claims and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. Prior to 1998	X X X			X X X		X X X				X X X
2. 1998										
3. 1999										
4. 2000										
5. 2001										
6. 2002										
7. Total (Lines 1 through 6)	X X X			X X X		X X X				X X X
8. Total (Lines 2 through 6)		X X X	X X X		X X X		X X X	X X X	X X X	

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF INCURRED CLAIMS

(000 Omitted)

Medicare Supplement

Section A - Paid Claims

Year in Which Losses Were Incurred	Net Amounts Paid				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior					
2. 1998					
3. 1999	X X X				
4. 2000	X X X	X X X			
5. 2001	X X X	X X X	X X X		
6. 2002	X X X	X X X	X X X	X X X	

Section B - Incurred Claims

Year in Which Losses Were Incurred	Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior					
2. 1998					
3. 1999	X X X				
4. 2000	X X X	X X X			
5. 2001	X X X	X X X	X X X		
6. 2002	X X X	X X X	X X X	X X X	

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claims and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. Prior to 1998	X X X			X X X		X X X				X X X
2. 1998										
3. 1999										
4. 2000										
5. 2001										
6. 2002										
7. Total (Lines 1 through 6)	X X X			X X X		X X X				X X X
8. Total (Lines 2 through 6)		X X X	X X X		X X X		X X X	X X X	X X X	

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF INCURRED CLAIMS

(000 Omitted)

Dental Only

Section A - Paid Claims

Year in Which Losses Were Incurred	Net Amounts Paid				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior					
2. 1998					
3. 1999	X X X				
4. 2000	X X X	X X X	4		
5. 2001	X X X	X X X	X X X	545	4
6. 2002	X X X	X X X	X X X	X X X	445

Section B - Incurred Claims

Year in Which Losses Were Incurred	Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior					
2. 1998					
3. 1999	X X X				
4. 2000	X X X	X X X	4		
5. 2001	X X X	X X X	X X X	542	4
6. 2002	X X X	X X X	X X X	X X X	448

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claims and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. Prior to 1998	X X X			X X X		X X X				X X X
2. 1998	1,286	886			886	68.896			886	68.896
3. 1999	1,165	784			784	67.296			784	67.296
4. 2000	1,254	726			726	57.895			726	57.895
5. 2001	1,073	548			548	51.072			548	51.072
6. 2002	930	449			449	48.280	4		453	48.710
7. Total (Lines 1 through 6)	X X X	3,393		X X X	3,393	X X X	4		3,397	X X X
8. Total (Lines 2 through 6)	5,708	X X X	X X X		X X X	293.438	X X X	X X X	X X X	293.868

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF INCURRED CLAIMS
(000 Omitted)

Vision Only

Section A - Paid Claims

Year in Which Losses Were Incurred	Net Amounts Paid				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior					
2. 1998					
3. 1999	X X X				
4. 2000	X X X	X X X			
5. 2001	X X X	X X X	X X X		
6. 2002	X X X	X X X	X X X	X X X	

Section B - Incurred Claims

Year in Which Losses Were Incurred	Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior					
2. 1998					
3. 1999	X X X				
4. 2000	X X X	X X X			
5. 2001	X X X	X X X	X X X		
6. 2002	X X X	X X X	X X X	X X X	

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claims and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. Prior to 1998	X X X			X X X		X X X				X X X
2. 1998										
3. 1999										
4. 2000										
5. 2001										
6. 2002										
7. Total (Lines 1 through 6)	X X X			X X X		X X X				X X X
8. Total (Lines 2 through 6)		X X X	X X X		X X X		X X X	X X X	X X X	

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF INCURRED CLAIMS
(000 Omitted)

Federal Employees Health Benefits Plan Premiums

Section A - Paid Claims

Year in Which Losses Were Incurred	Net Amounts Paid				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior					
2. 1998					
3. 1999	X X X				
4. 2000	X X X	X X X			
5. 2001	X X X	X X X	X X X		
6. 2002	X X X	X X X	X X X	X X X	

Section B - Incurred Claims

Year in Which Losses Were Incurred	Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior					
2. 1998					
3. 1999	X X X				
4. 2000	X X X	X X X			
5. 2001	X X X	X X X	X X X		
6. 2002	X X X	X X X	X X X	X X X	

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claims and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. Prior to 1998	X X X			X X X		X X X				X X X
2. 1998										
3. 1999										
4. 2000										
5. 2001										
6. 2002										
7. Total (Lines 1 through 6)	X X X			X X X		X X X				X X X
8. Total (Lines 2 through 6)		X X X	X X X		X X X		X X X	X X X	X X X	

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF INCURRED CLAIMS
(000 Omitted)

Title XVIII - Medicare
Section A - Paid Claims

Year in Which Losses Were Incurred	Net Amounts Paid				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior					
2. 1998					
3. 1999	X X X				
4. 2000	X X X	X X X			
5. 2001	X X X	X X X	X X X		
6. 2002	X X X	X X X	X X X	X X X	

Section B - Incurred Claims

Year in Which Losses Were Incurred	Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior					
2. 1998					
3. 1999	X X X				
4. 2000	X X X	X X X			
5. 2001	X X X	X X X	X X X		
6. 2002	X X X	X X X	X X X	X X X	

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claims and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. Prior to 1998	X X X			X X X		X X X				X X X
2. 1998										
3. 1999										
4. 2000										
5. 2001										
6. 2002										
7. Total (Lines 1 through 6)	X X X			X X X		X X X				X X X
8. Total (Lines 2 through 6)		X X X	X X X		X X X		X X X	X X X	X X X	

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF INCURRED CLAIMS
(000 Omitted)

Title XIX - Medicaid

Section A - Paid Claims

Year in Which Losses Were Incurred	Net Amounts Paid				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior					
2. 1998					
3. 1999	X X X				
4. 2000	X X X	X X X			
5. 2001	X X X	X X X	X X X		
6. 2002	X X X	X X X	X X X	X X X	

Section B - Incurred Claims

Year in Which Losses Were Incurred	Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior					
2. 1998					
3. 1999	X X X				
4. 2000	X X X	X X X			
5. 2001	X X X	X X X	X X X		
6. 2002	X X X	X X X	X X X	X X X	

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claims and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. Prior to 1998	X X X			X X X		X X X				X X X
2. 1998										
3. 1999										
4. 2000										
5. 2001										
6. 2002										
7. Total (Lines 1 through 6)	X X X			X X X		X X X				X X X
8. Total (Lines 2 through 6)		X X X	X X X		X X X		X X X	X X X	X X X	

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF INCURRED CLAIMS
(000 Omitted)

Other
Section A - Paid Claims

Year in Which Losses Were Incurred	Net Amounts Paid				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior					
2. 1998					
3. 1999	X X X				
4. 2000	X X X	X X X			
5. 2001	X X X	X X X	X X X		
6. 2002	X X X	X X X	X X X	X X X	

Section B - Incurred Claims

Year in Which Losses Were Incurred	Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior					
2. 1998					
3. 1999	X X X				
4. 2000	X X X	X X X			
5. 2001	X X X	X X X	X X X		
6. 2002	X X X	X X X	X X X	X X X	

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claims and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. Prior to 1998	X X X			X X X		X X X				X X X
2. 1998										
3. 1999										
4. 2000										
5. 2001										
6. 2002										
7. Total (Lines 1 through 6)	X X X			X X X		X X X				X X X
8. Total (Lines 2 through 6)		X X X	X X X		X X X		X X X	X X X	X X X	

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF INCURRED CLAIMS
(000 Omitted)

Grand Total
Section A - Paid Claims

Year in Which Losses Were Incurred	Net Amounts Paid				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior					
2. 1998					
3. 1999	X X X				
4. 2000	X X X	X X X	4		
5. 2001	X X X	X X X	X X X	545	4
6. 2002	X X X	X X X	X X X	X X X	445

Section B - Incurred Claims

Year in Which Losses Were Incurred	Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior					
2. 1998					
3. 1999	X X X				
4. 2000	X X X	X X X	4		
5. 2001	X X X	X X X	X X X	542	4
6. 2002	X X X	X X X	X X X	X X X	448

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claims and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. Prior to 1998	X X X			X X X		X X X				X X X
2. 1998	1,286	886			886	68.896			886	68.896
3. 1999	1,165	784			784	67.296			784	67.296
4. 2000	1,254	726			726	57.895			726	57.895
5. 2001	1,073	548			548	51.072			548	51.072
6. 2002	930	449			449	48.280	4		453	48.710
7. Total (Lines 1 through 6)	X X X	3,393		X X X	3,393	X X X	4		3,397	X X X
8. Total (Lines 2 through 6)	5,708	X X X	X X X		X X X	293.438	X X X	X X X	X X X	293.868

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
POLICY RESERVE									
1. Unearned premium reserves	34,582	0	0	34,582	0	0	0	0	0
2. Additional policy reserves (a)	0	0	0	0	0	0	0	0	0
3. Reserve for future contingent benefits	0	0	0	0	0	0	0	0	0
4. Reserve for rate credits or experience rating refunds (including \$ 0) for investment income	0	0	0	0	0	0	0	0	0
5. Aggregate write-ins for other policy reserves	0	0	0	0	0	0	0	0	0
6. Totals (gross)	34,582	0	0	34,582	0	0	0	0	0
7. Reinsurance ceded	0	0	0	0	0	0	0	0	0
8. Total (Net) (Page 3, Line 4)	34,582	0	0	34,582	0	0	0	0	0
CLAIM RESERVE									
9. Present value of amounts not yet due on claims	0	0	0	0	0	0	0	0	0
10. Reserve for future contingent benefits	0	0	0	0	0	0	0	0	0
11. Aggregate write-ins for other claim reserves	0	0	0	0	0	0	0	0	0
12. Totals (gross)	0	0	0	0	0	0	0	0	0
13. Reinsurance ceded	0	0	0	0	0	0	0	0	0
14. Total (Net) (Page 3, Line 5)	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS									
0501.	0	0	0	0	0	0	0	0	0
0502.	0	0	0	0	0	0	0	0	0
0503.	0	0	0	0	0	0	0	0	0
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS									
1101.	0	0	0	0	0	0	0	0	0
1102.	0	0	0	0	0	0	0	0	0
1103.	0	0	0	0	0	0	0	0	0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0	0	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

(a) Includes \$ 0 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	1 Claim Adjustment Expenses	2 General Administrative Expenses	3 Investment Expenses	4 Total
1. Rent (\$ 0 for occupancy of own building)				
2. Salaries, wages and other benefits				
3. Commissions (less \$ 0 ceded plus \$ 0 assumed)		98,342		98,342
4. Legal fees and expenses				
5. Certifications and accreditation fees				
6. Auditing, actuarial and other consulting services				
7. Traveling expenses				
8. Marketing and advertising				
9. Postage, express and telephone				
10. Printing and office supplies				
11. Occupancy, depreciation and amortization				
12. Equipment				
13. Cost or depreciation of EDP equipment and software				
14. Outsourced services including EDP, claims, and other services				
15. Boards, bureaus and association fees				
16. Insurance, except on real estate				
17. Collection and bank service charges				
18. Group service and administration fees				
19. Reimbursements by uninsured accident and health plans				
20. Reimbursements from fiscal intermediaries				
21. Real estate expenses				
22. Real estate taxes				
23. Taxes, licenses and fees:				
23.1 State and local insurance taxes				
23.2 State premium taxes		5,708		5,708
23.3 Regulator authority licenses and fees				
23.4 Payroll taxes				
23.5 Other (excluding federal income and real estate taxes)				
24. Investment expenses not included elsewhere				
25. Aggregate write-ins for expenses		158,030		158,030
26. Total expenses incurred (Lines 1 to 25)		262,080	(a)	262,080
27. Add expenses unpaid December 31, prior year		16,146		16,146
28. Less expenses unpaid December 31, current year		11,913		11,913
29. Amounts receivable relating to uninsured accident and health plans, prior year				
30. Amounts receivable relating to uninsured accident and health plans, current year				
31. Total expenses paid (Lines 26 plus 27 minus 28 plus 29 plus 30)		266,313		266,313
DETAILS OF WRITE-INS				
2501. Management Fees		158,130		158,130
2502. Miscellaneous Expense/(Income)		(100)		(100)
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 + 2598) (Line 25 above)		158,030		158,030

(a) Includes management fees of \$ 158,130 to affiliates and \$ 0 to non-affiliates.

EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS

	1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) or Decrease
1. Summary of Items Page 2, Lines 10 to 13 and 15 to 20, Column 2	7,683	26,653	18,970
2. Other Nonadmitted Assets:			
2.1 Bills receivable			
2.2 Leasehold improvements			
2.3 Cash advanced to or in hands of officers and agents			
2.4 Loans on personal security, endorsed or not			
2.5 Commuted commissions			
3. Total (Lines 2.1 to 2.5)			
4. Aggregate write-ins for other assets	1,200	1,200	
5. Total (Line 1 plus Line 3 and 4)	8,883	27,853	18,970
DETAILS OF WRITE-INS			
0401. Rent Deposit	1,200	1,200	
0402.			
0403.			
0498. Summary of remaining write-ins for Line 4 from overflow page			
0499. Totals (Lines 0401 through 0403 plus 0498) (Line 4 above)	1,200	1,200	

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

a. Accounting Practices

The financial statements of American Dental Providers of Arkansas, Inc. ("the Company") are presented on the basis of accounting practices prescribed or permitted by the Arkansas Insurance Department.

The Arkansas Insurance Department recognizes only statutory accounting practices prescribed or permitted by the state of Arkansas for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Arkansas Insurance Law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures* manual, (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Arkansas.

b. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

c. Accounting Policy

- (1) Short term investments are carried at cost.
- (2) Bonds are carried at amortized cost.
- (3) N/A
- (4) N/A
- (5) N/A
- (6) N/A
- (7) N/A
- (8) N/A
- (9) N/A
- (10) The Company does not utilize anticipated investment income as a factor in the premium deficiency calculation.
- (11) Claim reserves were established using standard actuarial methods. Claim adjustment expenses were estimated using historical claim adjudication costs and combined with claim reserves for reporting.

2. Accounting Change and Correction of Error

a. Accounting changes adopted to conform to the provisions of the *NAIC Accounting Practices and Procedures* manual, effective January 1, 2001 are reported as changes in accounting principles. The cumulative effect of changes in accounting principles is reported as an adjustment to unassigned funds in the period of the change in accounting principle. The cumulative effect is the difference between the amount of capital and surplus at the beginning of the year and the amount of capital and surplus that would have been reported at the date if the new accounting principles had been applied retroactively for all prior periods. As a result of these changes, the Company reported an increase to Capital and Surplus amounting to \$4,341, which was reflected as a cumulative effect of changes in accounting principles of \$5,732 and a change in deferred income tax for (\$1,391).

b. The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the state of Arkansas. Effective January 1, 2001, the state of Arkansas required that insurance companies domiciled in the state of Arkansas prepare their statutory basis financial statements in accordance with the NAIC *Accounting Practices and Procedures* manual subject to any deviations prescribed or permitted by the state of Arkansas insurance commissioner.

c. During the current year, the Company realized a change in estimate for allowance for doubtful accounts for the year ended December 31, 2001. For the year December 31, 2001, admitted accident and health premiums due and unpaid (Assets page 2, line 10) was overstated by \$3,965 and net premium income (Statement of Revenue and Expenses page 4, line 2) was overstated by \$10,230. The net difference was an overstatement of change in non-admitted assets (Statement of Revenue & Expenses (continued) page 5, line 37) by \$6,265. The current year Statement of Revenues & Expenses reflects a decrease of \$10,230 in net premium income with a corresponding decrease in Admitted Assets for the \$3,965 reduction on accident and health premiums due and unpaid and an increase in surplus for the reduction in the change of non-admitted assets of \$6,265. This reporting is filed in accordance with Statutory Accounting Practices and Procedures No. 3, Accounting Changes and Corrections of Errors.

3. Business Combinations and Goodwill

None

4. Discontinued Operations

None

NOTES TO FINANCIAL STATEMENTS

5. Investments

None

6. Joint Ventures, Partnership and Limited Liability Companies

The Company has no investment in Joint Ventures, Partnerships or Limited Liability Companies.

7. Investment Income

No investment income due and accrued was excluded from surplus.

8. Derivative Instruments

None

9. Income Taxes

a. The components of the net deferred tax asset/(liability) at December 31, are as follows:

	2002	2001
(1) Total of all deferred tax assets (admitted and non-admitted)	\$5,767	\$4,341
(2) Total of all deferred tax liabilities	0	0
(3) Total deferred tax assets non-admitted in accordance with SSAP No. 10, Income Taxes	1,925	2,433
(4) Total of all deferred tax assets	3,842	1,908
(5) Increase (decrease) in deferred tax assets non-admitted	(\$ 508)	\$2,433

b. Not applicable

c. The components of incurred income tax expense and the change in DTA's and DTLs are as follows:

- (1) Current income (benefit) tax incurred – (\$13,899) and \$41,611 for the years ended December 31, 2002 and 2001, respectively.
- (2) The main components of the 2002 deferred tax amount are as follows:

	Statutory	Tax	Difference	Tax Effect
DTAs				
Noncompete Agreements	\$ 0	(\$6,165)	\$6,165	\$2,158
Capitation Reserves	4,157	0	4,157	1,455
Reserves – Allowance for Doubtful Accounts	6,154	0	6,154	2,154
DTAs non-admitted				
Noncompete Agreements	\$ 0	\$5,498	(\$5,498)	(\$1,925)

	Statutory	Tax	Difference	Tax Effect
DTLs	\$ 0	\$ 0	\$ 0	\$ 0

The main components of the 2001 deferred tax amount are as follows:

	Statutory	Tax	Difference	Tax Effect
DTAs				
Noncompete Agreements	\$ 0	(\$6,832)	\$6,832	\$2,391
Capitation Reserves	4,450	0	4,450	1,558
Reserves – Allowance for Doubtful Accounts	1,002	0	1,002	351
Fixed Assets	0	(118)	118	41
DTAs non-admitted				
Noncompete Agreements	0	6,832	(6,832)	(2,391)
Fixed Assets	0	118	(118)	(41)

	Statutory	Tax	Difference	Tax Effect
DTLs	\$ 0	\$ 0	\$ 0	\$ 0

(3) The changes in main components of DTAs and DTL are as follows:

NOTES TO FINANCIAL STATEMENTS

DTAs Resulting From Book/Tax Difference In	2002	2001	Change
DTAs			
Noncompete Agreements	\$2,158	\$2,391	(\$ 233)
Capitation Reserves	1,455	1,558	103
Reserves – Allowance for Doubtful Accounts	2,154	351	1,803
Fixed Assets	0	41	(41)
DTAs non-admitted	(1,925)	(2,433)	508

DTLs Resulting From Book/Tax Difference In	2002	2001	Change
DTL	\$ 0	\$ 0	\$ 0

d. The Company's income tax expense and change in DTA/DTL differs from the amount obtained by applying the federal statutory rate of 35% to Net Gain from Operations before Provision for Income Tax for the following reasons:

	2002	2001
Expected federal income tax (benefit) expense	(\$14,636)	\$41,698
Other amounts	737	(87)
Total incurred income (benefit) tax	(\$13,899)	\$41,611

e. Not applicable

f. (1) The Company's federal income tax return is consolidated with the following entities:

CompBenefits Corporation (Ultimate Parent)	Vision Care, Inc.
American Prepaid Professional Services, Inc.	OHS, Inc.
American Dental Plan, Inc.	Diversified Administrators Inc.
American Dental Plan of Georgia, Inc.	OHS of Georgia, Inc.
CompDent of Alabama, Inc.	Dental Network Inc.
American Dental Plan of North Carolina, Inc.	Ultimate Optical Inc.
Dental Care Plus Management Corp	Texas Dental Plan, Inc.
DentiCare, Inc.	CompDent of Illinois, Inc.
CompDent Corporation	Dental Health Management Inc.
HealthStream Services, Inc.	DentLease Inc.
OHS of Alabama, Inc	Oral Health Services, Inc.
National Dental Plan, Inc.	CompDent Preferred Networks, Inc.
Diamond Dental of Arkansas, Inc.	American Dental Providers of Arkansas, Inc.
CompBenefits Insurance Company	

(2) The operations of the Company are consolidated for federal income tax purposes and filed in consolidated tax return with the Parent Company. Under a written tax sharing agreement, the Company is allocated a tax provision through the intercompany accounts, as if the Company filed separate income tax returns.

10. Information Concerning Parent, Subsidiaries and Affiliates

The Company is a wholly owned subsidiary of American Prepaid Professional Services, Inc. ("American Prepaid") which is a wholly owned subsidiary of CompBenefits Corporation (the "Parent Company").

At December 31,2002 and 2001, the Company reported \$21,480 and \$31,331, respectively, as amounts due to the Parent Company and its affiliates. The term of the settlement requires that these amounts be settled on a timely basis.

The Company has entered into an agreement with American Prepaid, whereby American Prepaid provides marketing, processing, and other administrative services to the Company for a management fee. The management fee may be waived if the Company will have a net loss after recognition of the fee or if such fees impair regulatory capital. The management fee for the year ended December 31, 2002 and 2001 was \$158,130 and \$163,560, respectively.

The Company has no guarantees or undertaking, written or otherwise, for the benefit of an affiliate or related party that results in a material contingent exposure of the reporting entity's or any related party's assets or liabilities.

The Company does not own shares of any upstream intermediate or of the Parent Company.

The Company does not have any investment with the Parent Company or any of its subsidiaries and affiliates.

NOTES TO FINANCIAL STATEMENTS

The stock of the Company is pledged as collateral on the outstanding senior obligations of the Parent Company.

11. Debt

None

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

None

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganization

(1) The Company has 1,000 shares of common stock at a par value of \$100.00 per share authorized, issued and outstanding. The Company does not have any preferred stock authorized, issued or outstanding.

(2) Preferred stock issues – Not applicable

(3) As required by Title 23, Subtitle 3, Chapter 76, Section 23-63-515, the Company may distribute ordinary dividends from current year earnings, not to exceed 10% of net worth. The Company did not pay ordinary dividends in 2002.

(4) The portion of the Company's profit that may be paid as ordinary dividends to stockholders in 2003 is \$0.

(5) There were no restrictions placed on the Company's surplus.

(6) Total amount of advances to surplus not repaid - Not applicable

(7) Stock held for special purposes - Not applicable

(8) Special surplus funds - Not applicable

(9) The portion of unassigned funds (surplus) represented or reduced by each items below is as follows:

- a) Unrealized gains or losses - \$0
- b) Non-admitted asset value - \$8,883
- c) Separate account business - \$0
- d) Asset valuation reserves - \$0
- e) Provision for reinsurance - \$0

(10) Surplus Notes - Not applicable

(11) Quasi-Reorganization - Not applicable

(12) Effective date of a quasi-reorganization – Not applicable

14. Contingencies

None

15. Leases

None

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentration of Credit Risk

Not applicable

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

Not applicable

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

None

NOTES TO FINANCIAL STATEMENTS

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

Not applicable

20. Other Items

None

21. Events Subsequent

None

22. Reinsurance

Not applicable

23. Retrospectively Rated Contracts

None

24. Change in Incurred Claims and Claim Adjustment Expenses

The Company experienced no significant changes in the provision for incurred claims and claim adjustment expenses attributable to insured events of prior years.

25. Intercompany Pooling Arrangements

Not applicable

26. Organization and Operation

The Company operates under a certificate of authority to transact business in the state of Arkansas as a health maintenance organization. The Company's primary source of revenue is premiums from managed dental care plans offered either separately or together with a traditional indemnity insurance plan, underwritten by an affiliate, under a "dual-choice" plan. Dental services are provided through a network of selected independent dentists who are responsible for each member's individual dental care. The Company currently conducts business exclusively in Arkansas.

27. Minimum Net Worth

As required under Title 23, Subtitle 3, Chapter 76, Section 23-76-108 of the Arkansas Statutes, the Company must maintain capital of \$100,000. The Company re-domesticated from Delaware to Arkansas in 2002. The Company increased par value from \$.01 to \$100 to comply with the requirement of the Department. These net worth requirements effectively limit the amount of dividends that may be paid.

NOTES TO FINANCIAL STATEMENTS

27. **Heaλτη Xape Peχeιwaβλeσ**

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes ☒ No ☐
- 1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes ☒ No ☐ N/A ☐

Arkansas
- 1.3

State Regulating?
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ☒ No ☐
- 2.2

If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.

05/21/2002
- 3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2001
- 3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2001
- 3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

02/10/2003
- 3.4

By what department or departments? Arkansas Department of Insurance
- 4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11

sales of new business?

Yes ☐ No ☒

4.12

renewals?

Yes ☐ No ☒
- 4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21

sales of new business?

Yes ☐ No ☒

4.22

renewals?

Yes ☐ No ☒
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ☐ No ☒
- 5.2

If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
	00000	
	00000	
	00000	
	00000	
	00000	

- 6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action either formal or informal, if a confidentiality clause is part of the agreement)

Yes ☐ No ☒
- 6.2

If yes, give full information
- 7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes ☐ No ☒
- 7.2

If yes,

7.21

State the percentage of foreign control

0 %

7.22

State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager, or attorney-in-fact)

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES

(continued)

8.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young, LLP
600 Peachtree Street, Suite 2800, Atlanta, GA. 30308-2215
9.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification? Alan Stewart
100 Mansell Court East, Suite 400, Roswell, GA.
CompBenefits Corporation - Chief Actuary and Senior Vice President
10.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 10.1

What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
N/A
- 10.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes [☐] No [☒]
- 10.3

Have there been any changes made to any of the trust indentures during the year?

Yes [☐] No [☒]
- 10.4

If answer to (10.3) is yes, has the domiciliary or entry state approved the changes?

Yes [☐] No [☐] N/A [☒]

BOARD OF DIRECTORS

11.

Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?

Yes [☒] No [☐]
12.

Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?

Yes [☒] No [☐]
13.

Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or is likely to conflict with the official duties of such person?

Yes [☒] No [☐]

FINANCIAL

- 14.1

Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

14.11

To directors or other officers

\$ 0

14.12

To stockholders not officers

\$ 0

14.13

Trustees, supreme or grand (Fraternal only)

\$ 0
- 14.2

Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

14.21

To directors or other officers

\$ 0

14.22

To stockholder not officers

\$ 0

14.23

Trustees, supreme or grand (Fraternal only)

\$ 0
- 15.1

Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes [☐] No [☒]
- 15.2

If yes, state the amount thereof at December 31 of the current year:

15.21

Rented from others

\$ 0

15.22

Borrowed from others

\$ 0

15.23

Leased from others

\$ 0

15.24

Other

\$ 0

Disclose in Notes to Financial the nature of each obligation.
- 16.1

Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes [☐] No [☒]
- 16.2

If answer is yes:

16.21

Amount paid as losses or risk adjustment

\$ 0

16.22

Amount paid as expenses

\$ 0

16.23

Other amounts paid

\$ 0

GENERAL INTERROGATORIES
(continued)
INVESTMENT

17. List the following capital stock information for the reporting entity:

Class	1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price If Callable	5 Is Dividend Rate Limited?	6 Are Dividends Cumulative?
Preferred	0	0	0	0	Yes [] No [X]	Yes [] No [X]
Common	1,000	1,000	100	X X X	X X X X X X	X X X X X X

18.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 2 - Special Deposits? Yes [X] No []

18.2 If no, give full and complete information, relating thereto 0
0
0

19.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E - Part 2 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 15.1). Yes [] No [X]

19.2 If yes, state the amount thereof at December 31 of the current year:

19.21	Loaned to others	\$	0
19.22	Subject to repurchase agreements	\$	0
19.23	Subject to reverse repurchase agreements	\$	0
19.24	Subject to dollar repurchase agreements	\$	0
19.25	Subject to reverse dollar repurchase agreements	\$	0
19.26	Pledged as collateral	\$	0
19.27	Placed under option agreements	\$	0
19.28	Letter stock or securities restricted as to sale	\$	0
19.29	Other	\$	0

19.3 For each category above, if any of these assets are held by other, identify by whom held:

19.31	0
19.32	0
19.33	0
19.34	0
19.35	0
19.36	0
19.37	0
19.38	0
19.39	0

For categories (19.21) and (19.23) above, and for any securities that were made available for use by another person during the period covered by this statement, attach a schedule as shown in the instructions to the annual statement

19.4 For category (19.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
		0
		0
		0
		0
		0

20.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]

20.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] N/A [X]

If no, attach a description with this statement.

21.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]

21.2 If yes, state the amount thereof at December 31 of the current year. \$ 0

22. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1-General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No []

22.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
Bank of America	P.O. Box 1681, Little Rock, AR 72203

GENERAL INTERROGATORIES

(continued)

INVESTMENT

22.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
None		

22.03 Have there been any changes, including name changes, in the custodian(s) identified in 22.01 during the current year? Yes [☐] No [X]

22.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
N/A			

22.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of brokers/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
None		

OTHER

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$ 0

23.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
None	\$ 0
	\$ 0
	\$ 0
	\$ 0

24.1 Amount of payments for legal expenses, if any? \$ 0

24.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
None	\$ 0
	\$ 0
	\$ 0
	\$ 0

25.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$ 0

25.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or department of government during the period covered by this statement.

1 Name	2 Amount Paid
None	\$ 0
	\$ 0
	\$ 0
	\$ 0

FIVE-YEAR HISTORICAL DATA

	1	2	3	4	5
	2002	2001	2000	1999	1998
BALANCE SHEET ITEMS (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 23)	225,015	243,810	574,915	725,517	689,278
2. Total liabilities (Page 3, Line 18)	73,210	84,483	36,242	34,258	79,609
3. Statutory surplus	100,000	100,000	100,000	100,000	100,000
4. Total capital and surplus (Page 3, Line 26)	151,805	159,327	538,673	691,259	609,669
INCOME STATEMENT ITEMS (Page 4)					
5. Total revenues (Line 7)	929,775	1,072,912	1,254,178	1,165,020	1,285,777
6. Total medical and hospital expenses (Line 17)	743,313	691,715	729,720	784,230	822,899
7. Total administrative expenses (Line 19)	262,080	305,510	318,712	389,614	439,220
8. Net underwriting gain (loss) (Line 22)	(75,618)	75,687	205,746	(8,824)	23,658
9. Net investment gain (loss) (Line 25)	4,321	7,022	6,140	4,577	5,215
10. Total other income (Line 26 plus 27)	29,480	36,428	39,809	93,482	46,021
11. Net income or (loss) (Line 30)	(27,918)	119,137	251,695	89,235	74,894
RISK-BASED CAPITAL ANALYSIS					
12. Total adjusted capital	151,805	159,327	538,673	691,259	0
13. Authorized control level risk-based capital	26,665	26,229	20,208	25,595	0
ENROLLMENT (Exhibit 2)					
14. Total members at end of period (Column 5, Line 7)	8,451	10,181	11,593	10,937	12,961
15. Total members months (Column 6, Line 7)	110,066	132,346	137,742	144,791	162,119
OPERATING PERCENTAGE (Page 4) (Item divided by Page 4, sum of Lines 2, 3, and 5)					
16. Premiums earned (Line 2 plus 3)	100.0	100.0	100.0	100.0	100.0
17. Total medical and hospital (Line 17)	79.9	64.5	58.2	67.3	64.0
18. Total underwriting deductions (Line 21)	108.1	92.9	83.6	100.8	98.2
19. Total underwriting gain (loss) (Line 22)	(8.1)	7.1	16.4	(0.8)	1.8
UNPAID CLAIMS ANALYSIS (U&I Exhibit, Part 2B)					
20. Total claims incurred for prior years (Line 11, Col. 5)	4,450	4,058	3,403	3,206	307
21. Estimated liability of unpaid claims - [prior year (Line 11, Col. 6)]	4,450	6,819	3,403	3,206	65,947

FIVE-YEAR HISTORICAL DATA (Continued)

	1	2	3	4	5
	2002	2001	2000	1999	1998
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
22. Affiliated bonds (Sch. D Summary, Line 25, Col. 1)	0	0	0	0	0
23. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1)	0	0	0	0	0
24. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2)	0	0	0	0	0
25. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)	0	0	0	0	0
26. Affiliated mortgage loans on real estate	0	0	0	0	0
27. All other affiliated	0	0	0	0	0
28. Total of above Lines 22 to 27	0	0	0	0	0